(c) LOCAL RAIL FREIGHT ASSISTANCE PROGRAM.—Section 5 of the Department of Transportation Act (49 U.S.C. App. 1654) is amended to read as follows:

"LOCAL RAIL FREIGHT ASSISTANCE

"SEC. 5. (a) A State is eligible to receive rail freight assistance under this section if—

"(1) such State has established an adequate plan for rail services in such State, including a suitable process for updating, revising, and amending such plan;

"(2) such State plan is administered or coordinated by a designated State agency and provides for the equitable distribution of resources;

"(3) such State agency—

"(A) has authority and administrative jurisdiction to develop, promote, supervise, and support safe, adequate, and efficient rail transportation services;

"(B) employs or will employ, directly or indirectly, sufficient trained and qualified personnel;

"(C) maintains or will maintain adequate programs of investigation, research, promotion, and development, with provisions for public participation; and

"(D) is designated and directed solely, or in cooperation with other State agencies, to take all practicable steps to improve rail transportation safety and to reduce transportation-related energy utilization and pollution;

"(4) such State provides satisfactory assurance that it has or will adopt and maintain adequate procedures for financial control, accounting, and performance evaluation in order to assure proper use of Federal funds; and

"(5) such State complies with regulations of the Secretary issued under this section and the Secretary determines that such State meets or exceeds the requirements of paragraphs (1) through (4) of this subsection.

"(b) The Secretary shall, in accordance with this section, provide financial assistance to States for rail freight assistance projects that are designed to cover—

"(1) the cost of acquiring, by purchase, lease, or in such other manner as the State considers appropriate, a line of railroad or other rail properties, or any interest therein, to maintain existing or provide for future rail freight service, but only if the Interstate Commerce Commission has

authorized, or has exempted from the requirements of such authorization, the abandonment of, or the discontinuance of rail service on, the line of railroad related to the project;

"(2) the cost of rehabilitating or improving rail properties on a line of railroad to the extent necessary to permit adequate and efficient rail freight service on such line, but only if the line of railroad related to the project is certified by the railroad as having carried 5 million gross ton miles of freight or less per mile during the prior year; and

"(3) the cost of constructing rail or rail related facilities (including new connections between two or more existing lines of railroad, intermodal freight terminals, sidings, bridges, and relocation of existing lines) for the purpose of improving the quality and efficiency of rail freight service, but only if the line